



## MISSION AVIATION FELLOWSHIP AND AFFILIATES

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2023 and 2022

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mission Aviation Fellowship and Affiliates  
Nampa, Idaho

### *Opinion*

We have audited the accompanying consolidated financial statements of Mission Aviation Fellowship and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mission Aviation Fellowship and Affiliates as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We did not audit the consolidated financial statements of Lucent Insurance, Ltd., an investee of which Mission Aviation Fellowship and Affiliates has a significant influence. Those consolidated statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the investment in Lucent Insurance, Ltd., is based solely on the report of the other auditors. The investee entity reports on the insurance basis of accounting as required by the Bermudan Insurance Regulators which is a financial reporting framework other than generally accepted accounting principles in the United States. We have applied audit procedures on the conversion adjustments to the financial statements of Lucent Insurance, Ltd., which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Lucent Insurance, Ltd., prior to these conversion adjustments, is based solely on the report of the other auditors. The investment in Lucent Insurance, Ltd. made up 1.8% and 2.3% of Mission Aviation Fellowship and Affiliates' total assets as of December 31, 2023 and 2022, respectively and (21.1%) and 2.0% of its change in net assets for the years ended December 31, 2023 and 2022, respectively.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Mission Aviation Fellowship and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Mission Aviation Fellowship and Affiliates  
Nampa, Idaho

***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission Aviation Fellowship and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mission Aviation Fellowship and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mission Aviation Fellowship and Affiliates' ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Mission Aviation Fellowship and Affiliates  
Nampa, Idaho

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements, continued***

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Capin Crouse LLP*

Colorado Springs, Colorado  
September 18, 2024

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 15,525,352	\$ 21,876,631
Accounts receivable	1,545,799	2,646,616
Supplies and inventory—net	6,464,147	5,843,180
Prepaid expenses and other assets	837,113	784,313
	<u>24,372,411</u>	<u>31,150,740</u>
Non-current assets:		
Cash restricted for long-term purposes	3,365,437	2,805,698
Investments	8,672,565	5,158,435
Note receivable—net of current portion	136,000	136,000
Operating leases—right-of-use assets	565,811	784,932
Financing leases—right-of-use assets	205,416	162,285
Property and equipment—net	56,137,991	54,401,842
Assets held for gift annuities and trust agreements	12,113,888	11,195,827
Assets held for endowment fund	1,080,842	1,026,512
	<u>82,277,950</u>	<u>75,671,531</u>
Total Assets	<u>\$ 106,650,361</u>	<u>\$ 106,822,271</u>

(continued)

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statement of Financial Position (continued)

	December 31,	
	2023	2022
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 1,204,865	\$ 803,987
Accrued expenses	3,512,741	3,091,873
Operating lease obligations	126,336	251,346
Financing lease obligations	71,146	86,112
Deferred income	384,026	336,749
	5,299,114	4,570,067
Non-current liabilities:		
Operating lease obligations, net of current portion	309,901	415,212
Financing lease obligations, net of current portion	136,503	79,060
Annuities payable	1,262,817	1,284,995
Revocable trust agreements	137,656	119,043
Irrevocable agreements	2,810,875	2,663,543
Trusts due to other remaindermen	1,096,920	1,025,596
Accrued post-retirement benefit obligation	2,554,774	4,317,850
	8,309,446	9,905,299
Total liabilities	13,608,560	14,475,366
Net assets:		
Without donor restrictions		
Cumulative translation adjustment	(319,111)	(402,526)
Undesignated	82,327,977	82,462,867
	82,008,866	82,060,341
With donor restrictions		
Restricted by purpose or time	10,088,946	9,342,575
Restricted in perpetuity	943,989	943,989
Total net assets	93,041,801	92,346,905
Total Liabilities and Net Assets	\$ 106,650,361	\$ 106,822,271

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 42,324,327	\$ 1,374,942	\$ 43,699,269	\$ 41,962,046	\$ 3,167,142	\$ 45,129,188
In-kind contributions	3,860,686	-	3,860,686	2,175,307	-	2,175,307
Global aviation ministries	8,487,131	-	8,487,131	8,838,448	-	8,838,448
Investment income (loss)	106,561	109,863	216,424	322,352	(147,627)	174,725
Change in value of split interest agreements	402,752	249,261	652,013	(833,033)	(740,086)	(1,573,119)
Gain on sale and disposal of assets	57,647	-	57,647	710,057	-	710,057
Other income (loss)	(410,960)	-	(410,960)	807,292	-	807,292
<b>Total Support and Revenue</b>	<b>54,828,144</b>	<b>1,734,066</b>	<b>56,562,210</b>	<b>53,982,469</b>	<b>2,279,429</b>	<b>56,261,898</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	987,695	(987,695)	-	4,399,657	(4,399,657)	-
<b>EXPENSES:</b>						
Program services	44,142,038	-	44,142,038	39,737,803	-	39,737,803
Supporting activities:						
General and administrative	3,657,591	-	3,657,591	4,539,408	-	4,539,408
Fund-raising	9,030,591	-	9,030,591	7,811,765	-	7,811,765
	12,688,182	-	12,688,182	12,351,173	-	12,351,173
<b>Total Expenses</b>	<b>56,830,220</b>	<b>-</b>	<b>56,830,220</b>	<b>52,088,976</b>	<b>-</b>	<b>52,088,976</b>

(continued)

See notes to consolidated financial statements



# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statements of Activities (continued)

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets from Operations	(1,014,381)	746,371	(268,010)	6,293,150	(2,120,228)	4,172,922
Post-retirement changes other than net periodic benefit costs	879,491	-	879,491	(649,042)	-	(649,042)
Foreign currency translation adjustment	83,415	-	83,415	(197,484)	-	(197,484)
Change in Net Assets	(51,475)	746,371	694,896	5,446,624	(2,120,228)	3,326,396
Net Assets, Beginning of Year	82,060,341	10,286,564	92,346,905	76,613,717	12,406,792	89,020,509
Net Assets, End of Year	<u>\$ 82,008,866</u>	<u>\$ 11,032,935</u>	<u>\$ 93,041,801</u>	<u>\$ 82,060,341</u>	<u>\$ 10,286,564</u>	<u>\$ 92,346,905</u>

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

	Program Services	Supporting Activities:			Total
		General and Administrative	Fund-raising	Total	
Salaries and benefits	\$ 26,117,047	\$ 2,255,972	\$ 4,472,590	\$ 6,728,562	\$ 32,845,609
Office expenses	3,200,665	445,514	1,847,046	2,292,560	5,493,225
Travel	2,606,948	49,480	327,787	377,267	2,984,215
Depreciation	2,530,777	86,203	45,488	131,691	2,662,468
Contracted services-technology, accounting, legal, and consulting	923,637	555,661	1,097,800	1,653,461	2,577,098
Fuel and oil	2,327,301	2,531	1,363	3,894	2,331,195
Repairs and maintenance	2,031,977	10,079	5,366	15,445	2,047,422
Grants and scholarships	1,365,204	-	-	-	1,365,204
Public relations	73,452	470	1,031,310	1,031,780	1,105,232
Education and seminars	776,593	18,155	15,835	33,990	810,583
Licenses and permits	782,328	4,672	879	5,551	787,879
Insurance	592,027	96,425	51,920	148,345	740,372
Small tools and equipment	371,611	87,028	57,442	144,470	516,081
Business expenses	255,122	44,339	75,368	119,707	374,829
Taxes	187,349	1,062	397	1,459	188,808
<b>Total expenses</b>	<b>\$ 44,142,038</b>	<b>\$ 3,657,591</b>	<b>\$ 9,030,591</b>	<b>\$ 12,688,182</b>	<b>\$ 56,830,220</b>
	77.7%	6.4%	15.9%	22.3%	100.0%

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program Services	Supporting Activities:			Total
		General and Administrative	Fund-raising	Total	
Salaries and benefits	\$ 23,310,682	\$ 3,108,072	\$ 4,057,051	\$ 7,165,123	\$ 30,475,805
Office expenses	2,773,840	492,535	1,473,710	1,966,245	4,740,085
Travel	2,214,555	89,221	252,185	341,406	2,555,961
Depreciation	2,271,252	96,066	41,841	137,907	2,409,159
Contracted services-technology, accounting, legal, and consulting	756,210	416,966	1,122,620	1,539,586	2,295,796
Fuel and oil	2,402,177	3,401	1,411	4,812	2,406,989
Repairs and maintenance	1,959,945	24,342	9,059	33,401	1,993,346
Grants and scholarships	1,625,376	-	-	-	1,625,376
Public relations	47,478	2,596	654,223	656,819	704,297
Education and seminars	372,330	7,929	13,180	21,109	393,439
Licenses and permits	890,904	2,469	460	2,929	893,833
Insurance	468,739	78,434	32,537	110,971	579,710
Small tools and equipment	240,226	164,152	66,813	230,965	471,191
Business expenses	299,781	44,700	67,335	112,035	411,816
Taxes	104,308	8,525	19,340	27,865	132,173
<b>Total expenses</b>	<b>\$ 39,737,803</b>	<b>\$ 4,539,408</b>	<b>\$ 7,811,765</b>	<b>\$ 12,351,173</b>	<b>\$ 52,088,976</b>
	76.3%	8.7%	15.0%	23.7%	100.0%

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statements of Cash Flows

	December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 694,896	\$ 3,326,396
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,662,468	2,409,159
Amortization of financing leases	78,173	78,768
Realized and unrealized (gains) losses on investments and assets held for endowment fund	(328,990)	203,004
Gain on sale and disposal of property and equipment	(57,647)	(710,057)
Contributions restricted for long-term purposes	(385,147)	(446,509)
Contributed inventory and property and equipment	(1,859,436)	-
Reinvested dividends	(36,851)	(50,741)
Change in captive insurance arrangements	515,746	(68,457)
Non-cash lease expense	(12,682)	(37,062)
Non-cash effect of change in accounting principle	-	(78,495)
Change in value of split interest agreements	(652,013)	1,573,119
Change in operating assets and liabilities:		
Accounts receivable	1,100,817	(1,168,115)
Supplies and inventory—net	(498,956)	211,066
Prepaid expenses and other assets	(52,800)	(65,408)
Accounts payable	400,878	136,074
Accrued expenses	420,868	47,644
Deferred income	47,277	(1,204,155)
Accrued post-retirement benefit obligation	(1,763,076)	(210,794)
Net Cash Provided by Operating Activities	273,525	3,945,437
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Collection of notes receivable	-	301,951
Proceeds from sale of property and equipment and property held for sale	434,735	616,234
Purchases of property and equipment	(3,038,280)	(3,387,691)
Purchases of investments	(3,773,898)	(69,850)
Proceeds from sale of assets held for gift annuities and trusts	675,192	736,759
Purchases of assets held for gift annuities and trusts	(157,667)	(1,412,118)
Net Cash Used by Investing Activities	(5,859,918)	(3,214,715)

(continued)

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Consolidated Statements of Cash Flows

(continued)

	December 31,	
	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for long-term purposes	385,147	446,509
Appropriations of assets held for endowment fund	55,533	-
Payments on financing leases	(77,345)	(78,698)
New gift annuities and trusts	106,710	654,048
Annuitant and trustor payments	(675,192)	(736,759)
Net Cash Provided (Used) by Financing Activities	(205,147)	285,100
Change in Cash, Cash Equivalents, and Cash Restricted for Long-term Purposes	(5,791,540)	1,015,822
Cash, Cash Equivalents, and Cash Restricted for Long-Term Purposes, Beginning of Year	24,682,329	23,666,507
Cash, Cash Equivalents, and Cash Restricted for Long-Term Purposes, End of Year	\$ 18,890,789	\$ 24,682,329
<b>CASH, CASH EQUIVALENTS, AND CASH RESTRICTED FOR LONG-TERM PURPOSES CONSISTS OF:</b>		
Cash and cash equivalents	\$ 15,525,352	\$ 21,876,631
Cash restricted for long-term purposes	3,365,437	2,805,698
	\$ 18,890,789	\$ 24,682,329
<b>SUPPLEMENTAL DISCLOSURES AND NON-CASH TRANSACTIONS:</b>		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 9,230	\$ 872,636
Right-of-use assets obtained in exchange for financing lease obligations	\$ 191,085	\$ 241,052
Non-cash acquisition of inventory and property and equipment	\$ 1,859,436	\$ -

See notes to consolidated financial statements

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 1. NATURE OF ORGANIZATION:

Mission Aviation Fellowship is an organization, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law. However, Mission Aviation Fellowship is subject to federal income tax on any unrelated business taxable income. In addition, Mission Aviation Fellowship is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

Mission Aviation Fellowship's vision is to see isolated people changed by the love of Christ. Mission Aviation Fellowship pursues that vision through their mission of serving together to bring help, hope, and healing through aviation. Aircraft are used to transport people, food, equipment, medical supplies, and other goods. Aircraft are also used to conduct relief and emergency flights and to support local churches, schools, and hospitals. Mission Aviation Fellowship and its affiliates operate in many countries within Africa, Asia, and Latin America.

Mission Aviation Fellowship receives its income, excluding investment income and changes in gift annuities, primarily from charitable contributions and fees for services provided. Essentially all revenue for services is generated outside the United States, primarily in Africa, Asia, and Latin America.

### PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the assets, liabilities, net assets, revenues, and expenses of Mission Aviation Fellowship, MAF Foundation, MAF Media, LLC, and other legal operating entities controlled by Mission Aviation Fellowship and its subsidiaries (collectively referred to as MAF). All intercompany transactions and balances have been eliminated within the consolidated financial statements.

MAF is associated with organizations carrying the MAF name (e.g. MAF International, MAF United Kingdom, MAF Canada, etc.) which are not included in these consolidated financial statements because they are not under common control. Accordingly, the assets, liabilities, net assets, revenues, and expenses of these national ministries are not included in the consolidated financial statements. Expenditures paid to these entities are treated as grants in the consolidated statements of activities and included within related party transactions in Note 19.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

MAF maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including cash restricted for long-term purposes, consists of cash held in checking and savings accounts, cash on hand, and money market funds. As of December 31, 2023 and 2022, MAF has cash and cash equivalents on deposit with financial institutions that exceed federally insured balances (through the National Credit Union Share Insurance Fund and Federal Deposit Insurance Corporation) by approximately \$17,400,000 and \$22,480,000, respectively. Cash restricted for long-term purposes includes donor-restricted funds received but not expended for aircraft, other property and equipment, and other long-term projects.

#### ACCOUNTS RECEIVABLE

Accounts receivable are recorded at net realizable value and represent global aviation revenue earned, grants receivable, and other miscellaneous amounts due to MAF that have not been received as of year end. Interest is not charged on delinquent receivables. Delinquent receivables are written off based on the individual credit evaluation and specific circumstances of the constituent. Management expects to receive the full amount of the receivables; therefore, no allowance for uncollectible accounts has been recorded. Accounts receivable as of December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	2022
Receivables from customers and other	\$ 1,115,097	\$ 1,546,142
Grants receivable	430,702	607,089
Estate receivable	-	493,385
	<u>\$ 1,545,799</u>	<u>\$ 2,646,616</u>

#### SUPPLIES AND INVENTORY

Supplies and inventory include items held to be used in maintaining and operating aircraft and also some parts held for resale. Inventory held for resale is recorded at the lower of cost or net realizable value using the first-in, first-out method. Cost includes freight, shipping, customs, and taxes. As of December 31, 2023 and 2022, shipping and custom costs included in supplies and inventory were \$202,144 and \$818,843, respectively. Management has evaluated a reserve for obsolescence, based on historical and anticipated movement of the supplies and inventory, totaling \$730,875 and \$589,518 as of December 31, 2023 and 2022, respectively. Supplies are held at cost and are expensed as used unless they meet capitalization criteria in which case the cost is transferred to aircraft and equipment assets when placed in service.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NOTE RECEIVABLE

Notes receivable consists of a note from an affiliated entity related to a documentary production. The note receivable is carried at historical cost. Interest income is recognized per the terms of the notes issued. MAF has not made a provision for credit losses, as management expects all amounts to be fully collectible.

#### INVESTMENTS AND ASSETS HELD FOR GIFT ANNUITIES AND TRUST AGREEMENTS

Investments consist primarily of exchange-traded funds, mutual funds, fixed income securities, cash surrender value of life insurance policies, and captive insurance arrangements. The investment in the captive insurance arrangement is accounted for using the equity method. Cash surrender value of life insurance policies is stated at contract value. All other investments, including assets held for gift annuities and trust agreements, are held primarily at fair value. Fair values are determined by quoted market prices or by yields currently available on comparable securities of issuers with similar credit ratings. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect MAF's investment balances. Realized and unrealized gains and losses are reported in the consolidated statements of activities in the year in which they occur.

#### OPERATING AND FINANCING LEASE—RIGHT-OF-USE ASSETS AND LIABILITIES

Some of MAF's contracts contain the right to control the use of property or assets and are therefore considered leases. MAF has elected to exclude leases with terms of less than 12 months and to combine lease and nonlease components as a single lease component. The additional lease disclosures can be found in Note 7 and Note 8.

#### PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Assets costing greater than \$5,000 are capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

Buildings	40 years
Aircraft and engines	12 years
Vehicles	3 - 7 years
Furniture and equipment	5 years



# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ASSETS HELD FOR ENDOWMENT FUND

MAF's endowment fund consists of two individual funds established for scholarships and general ministries. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MAF classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions restricted by purpose or time until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In addition, absent explicit donor stipulations to the contrary, to the extent prudent, appropriations for expenditure are allowed even if the fair value of the donor restricted endowment fund falls below the original gift as of the gift date, in accordance with UPMIFA. MAF considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

*Funds with deficiencies:* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires MAF to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, no deficiencies of this nature have been reported in net assets with donor restrictions as of December 31, 2023 and 2022.

*Return objectives and strategies:* To satisfy its long-term rate of return objectives, MAF relies on a total return strategy in which investment returns are achieved through both current yield and capital appreciation. MAF targets a diversified asset allocation to achieve its long-term return objectives within prudent risk restraints.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ASSETS HELD FOR ENDOWMENT FUND, continued

*Spending policy:* MAF has a policy of appropriating expenditures each year. To the extent prudent, it is expected that spending from the endowment funds will be managed with a long-term perspective to maintain long-term purchasing power of the endowment funds to meet the longer term needs of MAF; but that such long-term perspective would not prevent the funds from continuing to spend a prudent amount from the endowment funds despite a fund's balance falling below targeted levels. This is consistent with MAF's objective to maintain the purchasing power of donor-restricted assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

#### ANNUITIES PAYABLE

MAF has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar return during their lifetimes. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes. The difference between the price of the annuity contract and the discounted liability for future payments, determined on an actuarial basis using a rate of 6% and the CNSMT life table, is recognized as contribution income at the date of the gift. Upon death of the annuitant, income distributions cease. During the year ended December 31, 2023, MAF transitioned to using the 2010 CNSMT life table after using the 2000 CNSMT table in the prior year.

The actuarial liability for annuities payable is evaluated annually (giving effect to investment income and payments to annuitants). Any surplus or deficiency is recorded as a change in value of split interest agreements in the consolidated statements of activities.

MAF is required to maintain legally-mandated reserves and investment guidelines for certain states in which it issues gift annuities. As of December 31, 2023 and 2022, management believes that MAF is in compliance with each of the requirements by these states.

#### TRUST LIABILITIES

As trustee, MAF administers irrevocable and revocable trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. Included in the trust liability is the actuarially determined present value of future payments to beneficiaries. Certain trusts contain provisions to distribute assets to individuals or organizations other than MAF. The portion of future interest that is attributable to others is reflected as trusts due to other remaindermen on the consolidated statements of financial position. The remaining portion of the trust attributable to MAF's future interest is recorded within the consolidated statements of activities as donor restricted contributions in the period received. Gifts under revocable lifetime income trust agreements are recorded as assets and offsetting liabilities until termination upon the death of the donor. Upon the death of the donor, the trusts become the property of MAF and the related net asset classification is adjusted according to the donor's stipulated purpose, if any at that time.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

The consolidated financial statements report amounts separately by class of net assets as follows:

*Net assets without donor restrictions* are those resources currently available to support current operations, including those resources invested in property and equipment—net.

*Net assets with donor restrictions* are those resources contributed with donor stipulations for specific projects and ministries and those resources for which the principal is stipulated by donors to be invested in perpetuity.

#### SUPPORT AND REVENUE

##### *Contributions*

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to MAF. Contributions restricted by the donor for a specific purpose are recorded as support with donor restrictions until the purpose restriction is satisfied. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions with donor restrictions in which the conditions are met in the year received are treated as contributions without donor restrictions. Contributions for long-term purposes are released from restriction when the asset is placed in service. Donated assets are recorded as contributions at their estimated fair value on the date of donation.

##### *In-Kind Contributions*

The Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification requires recording the value of donated in-kind assets and services that create or enhance nonfinancial assets or require specialized skills. MAF records seconded staff services from other organizations that meet these requirements as in-kind contributions in the consolidated statements of activities. Contributed services are recorded at fair value based on estimated amounts paid to the seconded staff by their seconding organizations. Donated in-kind assets are recorded at estimated fair value based on similar assets using an exit price approach. All in-kind contributions are used within MAF's program activities and do not have donor restrictions. In-kind donations during the years ended December 31, 2023 and 2022 totaled:

	Year Ended December 31,	
	2023	2022
Contributed services	\$ 2,001,250	\$ 2,175,307
Inventory	122,011	-
Property and equipment	1,737,425	-
	<u>\$ 3,860,686</u>	<u>\$ 2,175,307</u>

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, continued

##### *Global Aviation Ministries Revenue*

Global Aviation Ministries revenue consists of payments for flight services. Payments received for future flights are recognized as deferred revenue when received. MAF recognizes global aviation ministries revenue within the fiscal year in which the services are provided, which is when the flight service occurs and the performance obligation of providing the service is satisfied. Should amounts not be collected when the performance obligation is satisfied, accounts receivable is recorded for the outstanding amount.

##### *Investment and Other Income*

Investment and other income is recorded as earned.

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred. The costs of providing program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs related to more than one function, such as salaries and benefits, office expenses, and depreciation, have been allocated among the program services and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on average estimates of time and effort by employees. Depreciation and occupancy expenses are allocated based on square footage. Remaining expenses are allocated based on the underlying nature of the expense.

#### FOREIGN OPERATIONS AND CURRENCY TRANSLATION

MAF has offices and activities outside of the United States. The account balances of foreign operations are included within the consolidated financial statements. All field offices have identified their local currency as their functional currency and the U.S. dollar as their reporting currency. The consolidated financial statements of these locations are remeasured to U.S. dollars using month end rates of exchange for all assets and liabilities, and average rates of exchange for the period for revenues and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of activities. MAF recognized a net unrealized foreign exchange gain (loss) of \$83,415 and (\$197,484), during the years ended December 31, 2023 and 2022, respectively, which is reported in the consolidated statements of activities as a foreign currency translation adjustment.

Management has reviewed the assets of its foreign subsidiaries and has determined that they are under the control and ownership of MAF. While such items are recognized as assets of the organization, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while MAF believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 3. INVESTMENTS, ASSETS HELD FOR GIFT ANNUITIES AND TRUST AGREEMENTS, AND ASSETS HELD FOR ENDOWMENT FUND:

Investments and assets held for gift annuities, trusts, and endowment fund consist of:

	December 31,	
	2023	2022
Investments:		
Cash and cash equivalents	\$ 281,040	\$ 119,793
Certificates of deposit	1,756,700	-
Exchange-traded funds	3,461,901	1,807,272
Cash surrender value	746,232	659,573
Fixed income securities	71,474	69,851
Mutual funds	419,120	50,102
Captive insurance arrangements	1,936,098	2,451,844
	8,672,565	5,158,435
Assets held for gift annuities and trust agreements:		
Cash and cash equivalents	411,524	1,114,615
Exchange-traded funds	1,523,619	699,180
Municipal bonds	406,702	432,990
Mutual funds	9,772,043	8,949,042
	12,113,888	11,195,827
Assets held for endowment fund:		
Cash and cash equivalents	44,197	45,645
Exchange-traded funds	81,071	91,487
Mutual funds	955,574	889,380
	1,080,842	1,026,512
	\$ 21,867,295	\$ 17,380,774

Investment income (loss) consists of:

	Years Ended December 31,	
	2023	2022
Realized and unrealized gains (losses)	\$ 206,881	\$ (519,609)
Interest and dividends	525,289	625,877
Change in captive insurance arrangements	(515,746)	68,457
	216,424	174,725
Change in value of split interest agreements	652,013	(1,573,119)
	\$ 868,437	\$ (1,398,394)

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

4. NOTE RECEIVABLE:

Note receivable consists of a note from an affiliated entity for a documentary production. The note receivable is carried at historical cost. Interest income is recognized per the terms of the note issued. MAF has not made a provision for credit losses, as management expects all amounts to be fully collectible. The note receivable is expected to be collected in full as the documentary is released. Future anticipated collections are stipulated from distributable cash prior to distributions of net profits to the parties as stipulated in the Film Documentary Production Agreement.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects MAF's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year; held in trust; held in perpetual endowments and the accumulated earnings thereof, net of appropriations within one year; subject to donor purpose or time restrictions, net of spending pursuant to the restrictions within one year; or because funds are set aside for assets held for gift annuities and trusts.

	December 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 15,525,352	\$ 21,876,631
Accounts receivable	1,545,799	2,646,616
Notes receivable	136,000	136,000
Cash restricted for long-term purposes	3,365,437	2,805,698
Investments	8,672,565	5,158,435
Assets held for gift annuities and trust agreements	12,113,888	11,195,827
Assets held for endowment fund	1,080,842	1,026,512
Financial assets, year-end:	42,439,883	44,845,719
Less those unavailable for general expenditure within one year, due to:		
Cash restricted for long-term purposes	(3,365,437)	(2,805,698)
Investments held in captive insurance arrangements	(1,936,098)	(2,451,844)
State reserve requirements for assets held for gift annuities	(1,997,307)	(2,106,713)
Notes receivable	(136,000)	(136,000)
Assets held for trusts	(7,368,183)	(6,918,292)
Assets held for endowment fund	(1,026,150)	(970,979)
	(15,829,175)	(15,389,526)
Financial assets available to meet cash needs for general expenditures within one year	\$ 26,610,708	\$ 29,456,193

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued:

MAF is substantially supported by contributions without donor restrictions. MAF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Operating cash in excess of daily requirements is invested in short-term low-risk investments. In the event of an extraordinary liquidity need beyond the combined capacity of the aforementioned reserves, MAF may also draw upon its \$1,450,000 available line of credit, the current balance of which is zero (Note 18).

6. SUPPLIES AND INVENTORY:

Supplies and inventory consists of:

	December 31,	
	2023	2022
Aircraft parts, engine cores, and other items	\$ 6,559,596	\$ 5,029,252
Shipping costs	202,144	818,843
Aircraft fuel	220,262	286,918
Radio equipment	43,082	65,436
Other	169,938	232,249
	7,195,022	6,432,698
Reserve for obsolescence	(730,875)	(589,518)
	\$ 6,464,147	\$ 5,843,180

7. OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

MAF leases equipment, office and various other rental space under multiple noncancelable operating leases expiring at various times through 2041. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term as of adoption date. Leases require varying monthly and annual payments. Discount rates range from 0.50%.-3.75%.

	December 31,	
	2023	2022
Operating lease right-of-use assets	\$ 565,811	\$ 784,932
Operating lease liabilities	\$ 436,237	\$ 666,558
Operating lease costs	\$ 257,559	\$ 244,914
Short-term lease costs	\$ 260,343	\$ 127,108
Weighted-average discount rate	1.70%	1.76%
Weighted-average remaining lease term	9.35 years	7.83 years

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

7. OPERATING LEASES–RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under the qualifying right-of-use operating leases are as follows:

<u>Year Ending December 31,</u>		
2024	\$	126,336
2025		71,423
2026		67,993
2027		21,372
2028		9,614
Thereafter		<u>184,340</u>
		481,078
Less imputed interest		<u>(44,841)</u>
	<u>\$</u>	<u>436,237</u>

8. FINANCING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS:

MAF leases equipment under two noncancelable finance leases expiring at various dates through 2028. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease terms. The leases require monthly payments ranging from \$3,392 to \$7,610 per month. The discount rate on these leases is 3.87%.

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financing lease right-of-use assets	\$ 205,416	\$ 162,285
Financing lease liabilities	\$ 207,649	\$ 165,172
Lease costs:		
Amortization of assets	\$ 78,173	\$ 78,768
Interest on lease obligations	\$ 4,609	\$ 2,515
Weighted-average discount rate	3.87%	1.21%
Weighted-average remaining lease term	2.91 years	2.06 years



# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

8. FINANCING LEASE–RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under the qualifying right-of-use operating leases are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 71,146
2025	40,704
2026	40,704
2027	40,704
2034	33,920
	227,178
Less imputed interest	(19,529)
	\$ 207,649

9. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 2,720,786	\$ 2,707,812
Buildings and hangars	20,341,620	18,515,398
Aircraft	38,339,407	39,450,298
Equipment	5,537,615	5,447,773
Vehicles	2,809,421	2,765,495
Engines	12,597,230	10,596,453
	82,346,079	79,483,229
Less accumulated depreciation	(30,730,803)	(29,188,312)
	51,615,276	50,294,917
Construction in progress	4,522,715	4,106,925
	\$ 56,137,991	\$ 54,401,842

10. MEDICAL CLAIMS RESERVE:

MAF has a self-insured employee group medical plan. Insurance policies in force with insurance providers as of December 31, 2023 and 2022, limit MAF's liability to \$250,000 annually per insured. MAF records an accrual that represents its best estimate of claims and fees that were incurred but unpaid at the end of the year. This accrual was \$423,000 and \$423,000 as of December 31, 2023 and 2022, respectively, and is included in accrued expenses on the consolidated statements of financial position.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 11. GIFT ANNUITIES AND TRUST AGREEMENTS:

Change in value of gift annuities and trust agreements consists of:

	December 31,	
	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Interest and dividend income	\$ 175,392	\$ 212,296
Net realized and unrealized gains (losses)	405,526	(933,371)
Matured annuities	82,904	110,191
Actuarial change	28,604	83,324
Annuitant payments	(264,513)	(279,452)
Administrative expenses	<u>(25,161)</u>	<u>(26,021)</u>
Total Change in Value Without Donor Restrictions	<u>\$ 402,752</u>	<u>\$ (833,033)</u>
With donor restrictions:		
Interest and dividend income	\$ 299,156	\$ 393,983
Net realized and unrealized gains (losses)	620,018	(1,590,684)
Actuarial change	(237,268)	958,487
Trustor payments	(410,679)	(457,307)
Administrative expenses	<u>(21,966)</u>	<u>(44,565)</u>
Total Change in Value With Donor Restrictions	<u>\$ 249,261</u>	<u>\$ (740,086)</u>

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 12. ACCRUED POST-RETIREMENT BENEFIT OBLIGATION:

MAF established a defined benefit pension plan (the Plan) covering eligible employees who chose to participate. The benefits are based on years of service and the employee's highest average compensation. The funding policy is to review the Plan's status annually and to fund payments from the Plan on a pay-as-you-go basis, therefore there are no segregated assets of the Plan. The Plan was frozen effective September 30, 2009. The following table sets forth the Plan's funded status and amounts recognized in MAF's consolidated statements of financial position as of December 31, 2023 and 2022, in accordance with the Accounting Standards Codification topic of Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans:

	December 31,	
	2023	2022
Funded Status:		
Retirees	\$ (2,213,591)	\$ (2,955,766)
Fully eligible active plan participants	(341,183)	(1,362,084)
Funded Status	\$ (2,554,774)	\$ (4,317,850)
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 4,317,850	\$ 4,528,644
Interest cost	84,536	128,160
Actuarial gain	(1,736,124)	(257,562)
Benefits paid	(111,488)	(81,392)
Unfunded Benefit Obligation at End of Year	\$ 2,554,774	\$ 4,317,850
	December 31,	
	2023	2022
Net Periodic Benefit Cost:		
Interest cost	\$ 84,536	\$ 128,160
Amortization of net loss (gain) from earlier periods	(3,128)	60,875
Amortization of unrecognized prior service cost	(74,043)	(74,043)
Net Periodic Benefit Cost	\$ 7,365	\$ 114,992
Items not yet recognized as a component of Net Periodic Benefit Cost		
Unrecognized prior service credit	\$ (277,657)	\$ (351,700)
Unrecognized net (gain) loss	(601,834)	1,000,742
Total	\$ (879,491)	\$ 649,042

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

12. ACCRUED POST-RETIREMENT BENEFIT OBLIGATION, continued:

Weighted-average assumptions and methods disclosures include:

	December 31,	
	2023	2022
Discount rate–postretirement benefit obligation	4.83%	2.83%
General inflation–postretirement benefit obligation	2.83%	0.83%
Discount rate–net periodic benefit cost	2.83%	3.20%
General inflation–net periodic benefit cost	0.83%	1.20%

The following benefit payments, which reflect expected future service, are expected to be paid:

<u>Year Ending December 31,</u>	
2024	\$ 270,000
2025	270,000
2026	267,000
2027	261,000
2028	251,000
Thereafter	1,235,774
	\$ 2,554,774

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 13. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	December 31,	
	2023	2022
Restricted by purpose or time:		
Trust agreements	\$ 3,459,305	\$ 3,110,110
Africa projects	2,569,641	2,412,251
Headquarter projects	1,973,516	2,360,397
Aircraft fund projects	708,625	640,841
Asia projects	330,545	349,295
Eurasia projects	875,712	333,143
Endowment fund earnings	136,853	82,523
Latin America projects	34,749	54,015
	10,088,946	9,342,575
Restricted in perpetuity:		
General	129,317	129,317
Scholarships	814,672	814,672
	943,989	943,989
	\$ 11,032,935	\$ 10,286,564

### 14. ASSETS HELD FOR ENDOWMENT FUND:

Changes in assets held for endowment fund for the year ended December 31, 2023, consist of:

	Accumulated Gains	Original Gift Amount	Total
Endowment net assets, beginning of year	\$ 82,523	\$ 943,989	\$ 1,026,512
Dividend and interest income	36,851	-	36,851
Net realized and unrealized gains	73,012	-	73,012
Appropriations for expenditure	(55,533)	-	(55,533)
	\$ 136,853	\$ 943,989	\$ 1,080,842
Endowment net assets, end of year	\$ 136,853	\$ 943,989	\$ 1,080,842

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 14. ASSETS HELD FOR ENDOWMENT FUND, continued:

Changes in assets held for endowment fund for the year ended December 31, 2022, consist of:

	Accumulated Gains	Original Gift Amount	Total
Endowment net assets, beginning of year	\$ 230,150	\$ 943,989	\$ 1,174,139
Dividend and interest income	50,741	-	50,741
Net realized and unrealized losses	(198,368)	-	(198,368)
Endowment net assets, end of year	<u>\$ 82,523</u>	<u>\$ 943,989</u>	<u>\$ 1,026,512</u>

### 15. FAIR VALUE MEASUREMENTS:

MAF uses appropriate valuation techniques to determine fair value based on inputs available. When possible, MAF measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were not used during the years ended December 31, 2023 and 2022.

· *Level 1* - Fair values for mutual funds and exchange-traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

· *Level 2* - Fair values for municipal bonds and fixed income securities for which quoted market prices are not available are valued based on yields currently available on comparable securities of issuers within similar credit ratings.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

15. FAIR VALUE MEASUREMENTS, continued:

The following tables display the fair value of investments and assets under gift annuities, trusts, and endowment fund measured on a recurring basis as of December 31, 2023 and 2022.

		Fair Value Measurements Using:	
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets under gift annuities, trusts, and endowment fund held at fair value:			
Exchange-traded funds	\$ 5,066,591	\$ 5,066,591	\$ -
Municipal bonds	406,702	-	406,702
Fixed income securities	71,474	-	71,474
Mutual funds	11,146,737	11,146,737	-
	\$ 16,691,504	\$ 16,213,328	\$ 478,176
Investments and assets under gift annuities, trusts, and endowment fund held at other than fair value:			
Cash and cash equivalents	736,761		
Cash surrender value	746,232		
Certificates of deposit	1,756,700		
Captive insurance arrangements	1,936,098		
	\$ 21,867,295		

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 15. FAIR VALUE MEASUREMENTS, continued:

	December 31, 2022	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments and assets under gift annuities, trusts, and endowment fund held at fair value:			
Exchange-traded funds	\$ 2,597,939	\$ 2,597,939	\$ -
Municipal bonds	432,990	-	432,990
Fixed income securities	69,851	-	69,851
Mutual funds	9,888,524	9,888,524	-
	\$ 12,989,304	\$ 12,486,463	\$ 502,841
Investments and assets under gift annuities, trusts, and endowment fund held at other than fair value:			
Cash and cash equivalents	1,280,053		
Cash surrender value	659,573		
Captive insurance arrangements	2,451,844		
	\$ 17,380,774		

### 16. INVESTMENT IN CAPTIVE INSURANCE COMPANIES:

MAF and ten other not-for-profit organizations are members of two offshore captive insurance holding companies, Lucent Insurance, Ltd. (Lucent) and Lucent Reinsurance, Ltd. (LucentRe). MAF accounts for its investment in these captives based on the equity method of accounting.

Lucent insures claims related to domestic and foreign workers' compensation. Lucent reinsures the first \$250,000 of any claim. LucentRe insures the following \$100,000 of any claim related to domestic workers' compensation.

Included within investments is \$1,936,098 and \$2,451,844 which represents MAF's investment in the captives as of December 31, 2023 and 2022, respectively, representing a 14.3% and 16.8% interest in Lucent. Investment balances are measured as of November 30, 2023 and 2022, which represents the most recent information available. MAF is not aware of any material changes to these balances as of December 31, 2023 and 2022. MAF paid approximately \$700,000 and \$580,000 in premiums to the captive during the year ended December 31, 2023 and 2022, respectively.



# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

16. INVESTMENT IN CAPTIVE INSURANCE COMPANIES, continued:

Summary financial information of Lucent as of November 30, 2023 and 2022\* is as follows:

	November 30	
	2023	2022
Total assets	\$ 24,510,000	\$ 23,112,000
Total liabilities	\$ 10,970,000	\$ 8,589,000
Comprehensive income (loss), net of dividends	\$ (352,000)	\$ (698,000)

\*Amounts represent unaudited balances and activities through the year ended November 30, 2023 and 2022.

17. LINE OF CREDIT:

MAF has a revolving line of credit held by a financial institution in the amount of \$1,450,000, with monthly interest payments due, calculated at a variable interest rate (effective rate of 9% as of December 31, 2023). MAF had no outstanding balance on the line of credit as of December 31, 2023 and 2022.

18. RELATED PARTY TRANSACTIONS:

MAF has affiliate agreements with international organizations that operate using a similar name. These organizations are not controlled by MAF nor consolidated within MAF's consolidated financial statements. During the years ended December 31, 2023 and 2022, MAF received approximately \$905,000 and \$1,038,000 from, and granted approximately \$1,129,000 and \$1,405,000 to, related party affiliate organizations, respectively. Amounts received are included within contributions on the consolidated statements of activities and amounts granted are included with grants and scholarships expense on the consolidated statements of functional expenses, respectively. Additionally, accounts receivable from related party affiliate organizations totaled approximately \$87,000 and \$227,000 as of December 31, 2023 and 2022, respectively. These amounts are included within accounts receivable on the consolidated statements of financial position.

MAF receives contributed services from the above-mentioned affiliate organizations. Amounts received totaled approximately \$2,001,000 and \$2,175,000 during the years ended December 31, 2023 and 2022, respectively. Amounts received are included within in-kind contributions on the consolidated statements of activities and salaries and benefits expense on the consolidated statements of functional expenses, respectively. Additionally during the year ended December 31, 2023, MAF received net assets of \$1,345,896, including \$860,226 of inventory and property and equipment when it assumed control of an entity located in Ecuador, where it operates aviation program activities. The non-cash portion of this contribution received is included within in-kind contributions on the consolidated statements of activities.

MAF also holds a note receivable with an affiliated organization (Note 4). The note receivable was \$136,000 as of December 31, 2023 and 2022.

# MISSION AVIATION FELLOWSHIP AND AFFILIATES

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 19. JOINT COSTS:

MAF incurs joint costs for furloughing employees. These expenses have been allocated as follows:

	December 31,	
	<u>2023</u>	<u>2022</u>
Program activities	\$ 526,396	\$ 469,779
Supporting activities:		
Fund-raising	<u>176,456</u>	<u>169,433</u>
	<u>\$ 702,852</u>	<u>\$ 639,212</u>

### 20. RETIREMENT PLAN:

MAF has a defined contribution plan covering substantially all salaried and hourly United States citizen employees. MAF matches employee contributions up to 5% of eligible compensation. MAF's contributions to the plan for the years ended December 31, 2023 and 2022 were approximately \$943,000 and \$908,000, respectively.

### 21. SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 18, 2024, which is the date the consolidated financial statements were available to be issued.